



Anchorage Consumer Optimism Index

ANCI

2015 Q1

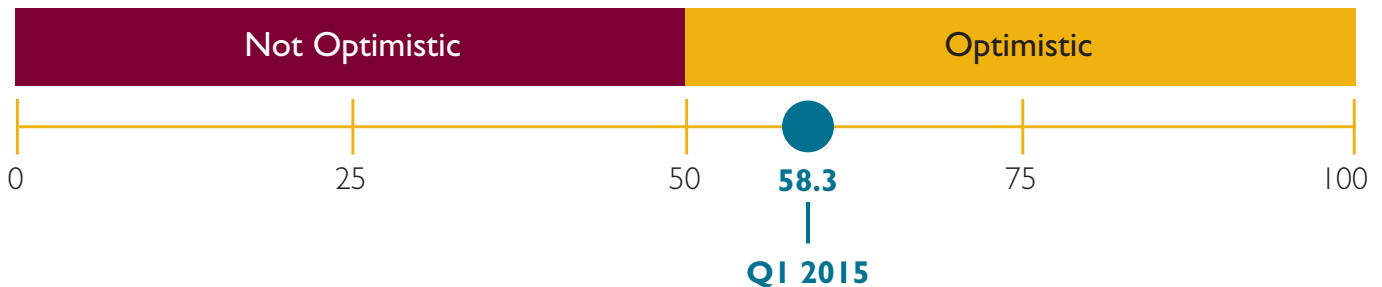
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DESCRIPTION

The ANCI is a measure of **Anchorage households' optimism in the health of the local economy, their personal financial situation and their expectations for the future.** Northern Economics, Inc. generates the ANCI using data collected by a random quarterly sample of at least **350 households** located in the Municipality of Anchorage. The survey sample includes households with landlines, those with landlines and cell phones and those households which only use cell phones. The analysis weighs all responses for demographic factors such as gender, age and income to insure the sample's responses are representative of Anchorage's population.

The ANCI is expressed using a value of 0 to 100. **Values above 50 represent optimism in the economy, while values below 50 indicate lack of optimism.** The farther the ANCI is from the midpoint, the stronger the aggregate feeling of optimism or lack thereof.



RESULTS

During Q1 of 2015, the Anchorage Consumer Optimism Index (ANCI) revealed that Anchorage residents remained optimistic with a slight bump up to 58.3 from 58.2 in Q4 of 2014. Conversely, the more stable six-month moving average of the index fell 2.6 points to 58.2.

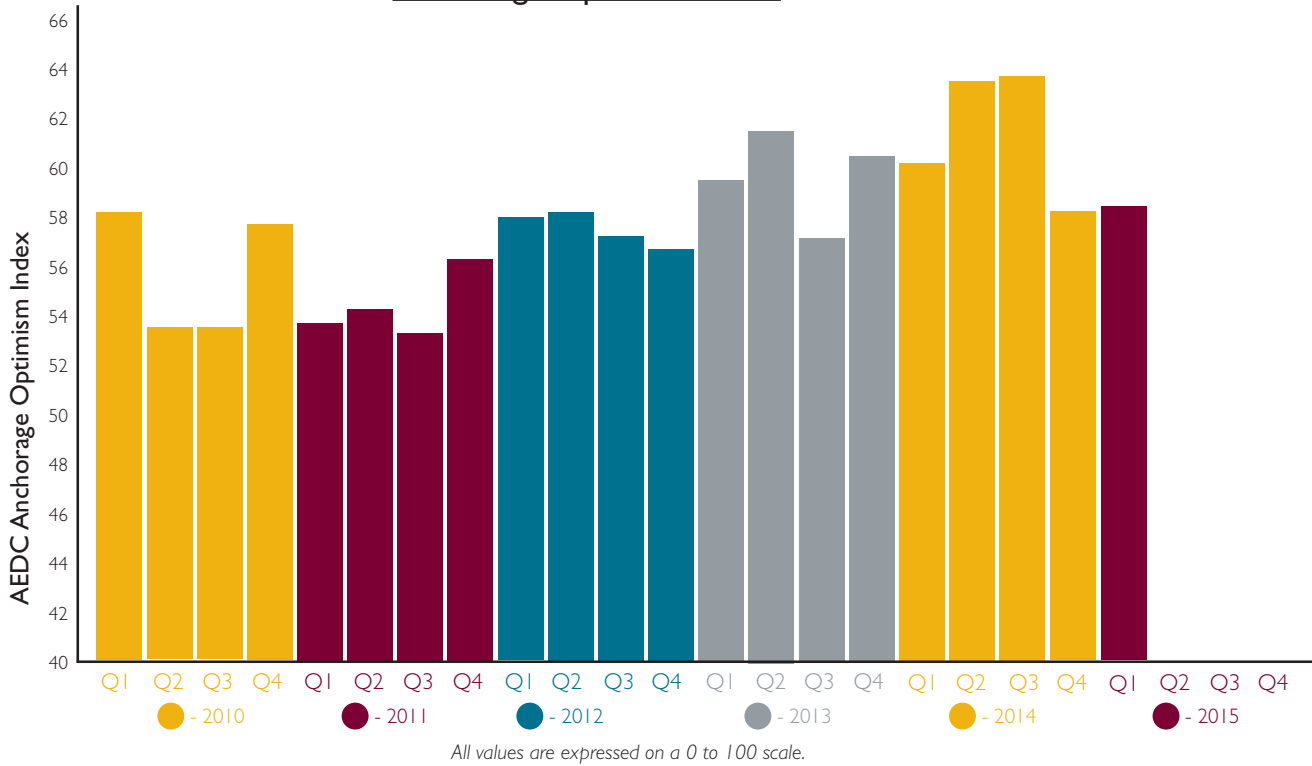
While Anchorage optimism remained relatively flat from the quarter before, the statewide index dropped and U.S. consumer confidence increased. The Consumer Confidence Index®, a national report by the Conference Board, showed a sharp increase in consumer confidence in Q1 of 2015.

Many factors are in play that impact the United States, Alaska and Anchorage economies in different ways. Sustained low oil prices are positive for much of the nation, but locally they present a significant challenge to Alaska's and Alaskans' financial health.

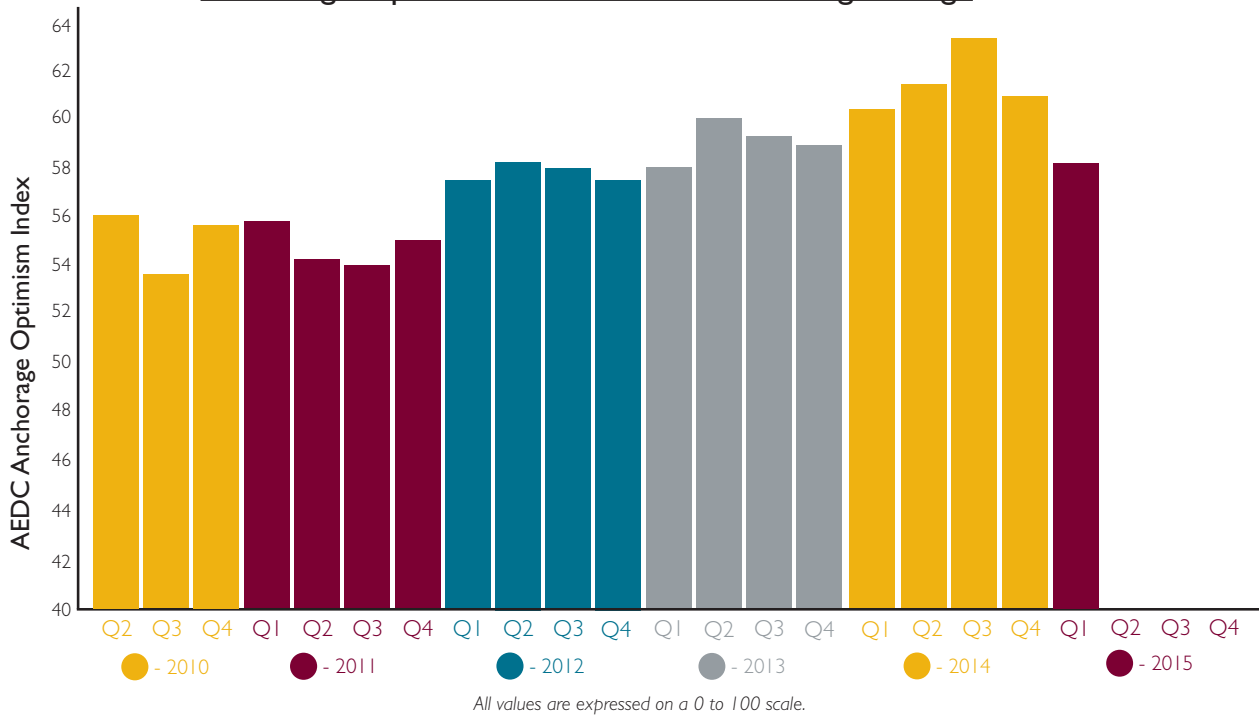
Q1
2015
58.3

RESULTS CONT.

Anchorage Optimism Index



Anchorage Optimism Index Six-Month Moving Average



COMPONENTS

LOCAL ECONOMY CONFIDENCE

Question asked: We'd like you to grade how you feel about how the economy is doing in Alaska, and in your community. On a scale from 1 to 5, how would you rate current economic conditions in your community, where a 5 is very good and a 1 is very bad?

Local Economy Confidence, the most direct measure of respondents' feelings about the current state of the Anchorage economy, fell slightly, dropping 0.2 points to 62.1. Like much of the state, Anchorage residents' confidence in their local economy was tested by persistently low oil prices, which continued to cause concerns about future oil and gas activity and state funding for the municipality and school district. However, positive influences such as a low unemployment rate, a growing retail economy and robust Department of Transportation construction activity throughout Anchorage have kept the ANCI firmly situated on the Optimism side of the chart.

PERSONAL FINANCIAL CONFIDENCE

Question asked: On a scale from 1 to 5, how secure do you feel about your and your family's financial situation, where a 5 is very secure and a 1 is not secure at all? And would you say your and your family's financial situation is getting better, getting worse or staying about the same?

The Personal Financial Confidence component is the strongest and least volatile component of ANCI. Unlike the other components, it gained 2.6 points from the prior quarter to a reading of 67.1. In contrast with the Local Economy Confidence component, which is in some ways residents' outside view of the local economy, Personal Financial Confidence measures residents' ability to participate in the local economy directly through their personal finances. A number of positive economic indicators may be giving local consumers cause for optimism. Employment statistics for Anchorage remain strong, the estimated total employment in Anchorage for March 2015 was the third highest for the month on record. Low inflation levels, a booming stock market and cheaper gas may all be playing a part in the positive feelings.

While lower fuel prices are a plus, the broader economic implications of low oil prices, including its potential impact on business activity, employment and state revenues, may begin to weigh on residents' minds in the coming months and could negatively affect this index. The size and structure of the state's budget for the next fiscal year will certainly play a role in which direction this index takes for the foreseeable future and will be watched closely.

EXPECTATIONS OF THE FUTURE

Question asked: Do you think the economy in your community right now is getting better, getting worse, or staying about the same?

ANCI's Expectations of the Future component saw a 1.0 point drop to 52.0, a level not seen since 2011. Consumer expectations of an uncertain future have always caused this to be the most volatile of the three components. This is the fourth smallest decline in five years and is only slightly lower than the quarterly average of 52.9. Additionally, this is the 14th consecutive quarter this component has been on the Optimism side of the chart.

Many important changes in our economy and government are on the horizon, which may be influencing consumer's expectations for the future. With the possibility of a major Army force reduction at JBER, cuts coming to State programs and revenue sharing, and a significant local mayoral election yet to be determined, residents have ample reasons to be unsure about the future. How these issues are resolved in the coming months will play a significant role in the direction of future ANCI survey results.

AEDC ANCHORAGE OPTIMISM INDEX

Year	Local Economic Confidence	Personal Financial Confidence	Future Expectations	ANCI	6-Month Average
2010					
Q1	59.8	67.3	52.9	58.2	
Q2	55.7	60.8	48.8	53.5	55.9
Q3	55.7	60.8	48.8	53.5	53.5
Q4	59.5	65.2	52.9	57.7	55.6
2011					
Q1	57.2	62.9	47.5	53.8	55.7
Q2	58.8	61.4	48.6	54.3	54.1
Q3	58.7	61.8	46.6	53.4	53.9
Q4	60.1	63.7	50.8	56.4	54.9
2012					
Q1	60.6	65.9	52.9	58.1	57.2
Q2	61.3	64.2	54	58.4	58.2
Q3	59.4	65.1	52.9	57.6	58
Q4	60.9	61.9	52.7	57	57.3
2013					
Q1	61.7	64.8	54.5	59.9	57.9
Q2	65.3	66.6	56.8	61.4	60.1
Q3	60.3	61.1	53.6	57.1	59.3
Q4	62.9	67.1	56.4	60.7	58.9
2014					
Q1	63.6	66.4	55.8	60.4	60.6
Q2	65.2	67.1	60.4	63.3	61.8
Q3	65.9	68.6	59.6	63.4	63.4
Q4	62.3	64.5	53.0	58.2	60.8
2015					
Q1	62.1	67.1	52.0	58.3	58.2

All values are expressed on a 0 to 100 scale.

The Anchorage Consumer Optimism Index (ANCI) Survey is compiled by Northern Economics on behalf of Anchorage Economic Development Corp. (AEDC).

If you are interested in learning more about this data or how AEDC can help you develop a report, call the AEDC Research Department at 907.258.3700.

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